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SENSITIVE
SIPDIS

USDA FAS FOR OCRA/KUYPERS, NENON; OSTA/BEAN,
HAXTON; ONA/TING, SALLYARDS
PASS FSIS DUTROW, HARRIES
PASS APHIS SNOWDON
STATE FOR EUR/RUS
STATE PASS USTR FOR CHATTIN, HAFNER, SMURPHY
BRUSSELS PASS APHIS/FERNANDEZ
VIENNA PASS APHIS/MITCHELL

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TAGS: [EAGR](#) [ETRD](#) [ECON](#) [WTO](#) [RS](#)
SUBJECT: THREE MORE PORK FACILITIES DELISTED, BUT
FIVE PORK PLANTS RELISTED

REF: A) HANSEN EMAIL 4/10/09 TO KUYPERS
B) MOSCOW 267

SENSITIVE BUT UNCLASSIFIED

¶1. (SBU) SUMMARY: On April 10, 2009, the Russian Federal Veterinary and Phytosanitary Surveillance Service (VPSS) advised via official letter that three more U.S. pork facilities were delisted due to suspected fraud. The letter explains that VPSS officials inspected a ship on its way to Japan that had docked in a Russian Far East port to refuel and found cargo with Russian labels. VPSS claimed in their letter that they believe that there are international smuggling rings trying to sneak meat into Russia, and the three U.S. pork plants were somehow involved. For this reason, these plants are being "temporarily restricted" despite the fact that the product was not even intended for Russia. The delisting included the largest cold storage, boxing and certification facility for U.S. pork to Russia and will become effective on April 20, 2009. (Post has not yet received the 9-page attachment referred to in Dr. Vlasov's letter.)

¶2. (SBU) Five hours following the notification of the new delistings and after normal business hours on April 10, VPSS Head Dankvert informed the embassy via another official letter that VPSS will be relisting five facilities which were delisted in the January 27, 2009, letter from Vlasov to Jones (Reftel B) (facilities #18674, 9201, 18079, 18435, and 27398.) The relistings will become effective on April 15, 2009. The text of this second letter, from VPSS head Dankvert, will be sent via septel.

An official translation of the Vlasov letter delisting three facilities follows. END SUMMARY

¶3. (SBU) BEGIN TEXT:

Moscow, April 10, 2009
FC-NB-2/3124

Deputy Administrator
USDA Food Safety and Inspection Service
Mr. Ronald Jones

Dear Mister Jones,

The Federal Veterinary and Phytosanitary Surveillance Service presents its compliments to the US Department of Agriculture Food Safety and Inspection Service and informs of the following.

VPSS and its territorial offices in their day-to-day activities continuously deal with international fraud in shipments of products to the Russian Federation regulated by the state veterinary inspection (particularly meat and fresh sausage meat) of the unknown origin under the brands of famous world producers including the USA. This problem is especially urgent in the Russian Far East region.

For example, containers HMCU 2005911, GCEU 6663389, CHIU 9026656, CHIU 9026825 with raw meat arrived to the Nakhodka port (Primorskiy Kray) on 02.03.09 (March 2, 2009) supposedly on their way to Japan as international transit on M/V Caribica under the Cambodia flag (its port of arrival/departure in accordance with the bill of lading attached was the Russian port Nakhodka). There were no veterinary accompanying documents or reference to them in the presented bills of lading (copies are attached).

In this connection, the Far East Customs Directorate of the Russian Federal Customs Service together with Primorskiy Kray VPSS Directorate made a decision to inspect the cargo.

The inspection results determined that the mentioned means of transport contained raw meat (boneless pork) that in accordance with labels in Russian was manufactured in the USA (photographic material is attached).

We draw your attention to the veterinary certificate number 136072 on the USDA export stamp on the packaging, and the raw meat production date.

The additional inspection carried out by the Primorskiy Kray VPSS Directorate determined that similar products arrived to Ekto firm on June 3, 2008, with the mentioned veterinary certificate dated March 12, 2008 (the copy is attached). The cargo completed customs clearance procedures in July 2008.

VPSS expresses its deep concern with the current situation and believes that this incident confirms that the international rogue gangs are stepping up in making attempts to do illegal business using various schemes.

The situation is further aggravated by the fact that currently VPSS territorial directorates have no access to the database of the ocean and feeder shipping companies that deliver containers from the port of loading (transshipment) to the port of destination in Russia.

In view of the need to take joint actions in order to prevent fraud in international raw meat trade, especially in the Far Eastern region, we ask FSIS to make an investigation into the mentioned incident and inform us of the findings as soon as possible.

Prior to completion of the comprehensive

investigation VPSS imposes temporary restrictions on shipments into the Russian Federation from plants 17D, 17202A and 19246 involved in the entire technological chain from slaughter including dressing and up to cold store facilities.

It follows from your reply dated March 30, 2009 to the VPSS letter dated March 20, 2009 No. FC-AC-2/2416 regarding granting VPSS territorial offices access to the database of the international shipping companies that it is not within FSIS competence to resolve this issue.

In this connection we ask you to provide us with information on what US agency has the competence to resolve this issue, and help us in making arrangements to negotiate with this agency.

Mister Jones, please accept my assurances in the deepest respect.

Attachment: text on 9 pages in one copy.

Deputy Head
N.A.Vlasov

END TEXT

THE STICK?

¶4. (SBU) The delistings appear to be in retaliation for a letter dated April 8, 2009 written by the National Pork Producers Council (NPPC) to President Obama highlighting the arbitrary actions of VPPS and urging him to delay Russia's WTO accession until Russia recognizes the U.S. pork plant inspection system as equivalent to Russia's. The letter which was posted to the NPPC website found its way into both the American and Russian media and according to our sources incensed both Kremlin and Min Ag, because NPPC wrote the letter to Obama one month before the U.S. and Russian industry and government representatives are scheduled to meet to work on mutual issues of concern regarding U.S. exports of pork and poultry.

¶5. (SBU) These recent delistings appear to have nothing to do with human or animal health and everything to do with politics. Before the delisting were even announced, trade contacts alerted the embassy to brace itself for retaliation for the NPPC letter. VPSS has repeatedly chastised USG officials for trying to bring outside agencies into technical SPS discussions. They prefer to "manage" their issues by working directly with other regulators and resent when issues under their competency become elevated to the political level. The NPPC letter clearly put the spotlight on their questionable practices and threatened their authority.

VPSS REACTS IN THE PRESS

¶6. (SBU) Officials in the Ministry of Agriculture also publically expressed outrage regarding the NPPC letter. VPSS Press secretary Aleksey Alekseyenko stated to the press that he does not understand why the US pork sector took this route and at this time. "VPSS proposed to meet with them, the American poultry industry,

and USG reps in the second half of May to discuss urgent problems. It looks like the US pork industry decided to take a different route by writing a letter to U.S. President Obama." Alekseyenko stated that American food safety standards are much more liberal (i.e. worse) than Russian standards. "The US pork sector does not want to receive our inspectors. We demand that they let us come and verify for ourselves."

¶7. (SBU) The Russian press also reported that Russian experts confirmed that the American food safety and inspection system is not very effective, in light of several alleged scandals in 2008 in the U.S. connected with the quality of food products.

DELISTINGSIMPACT ON U.S. PORK EXPORTS

¶8. (SBU) Over the course of the past two years the U.S. has seen roughly 50 percent of its productive pork capacity delisted by the Russians. Those facilities delisted on April 10 include the Cloverleaf Cold Storage (establishment number 19246) facility in Sioux City, IA. This is the second cold storage facility delisted, which is significant, because the delisting of cold storage facilities impacts many U.S. exporters who use them to provide cold storage, boxing, and certification of U.S. pork to Russia. Cloverleaf was a top cold storage export facility to Russia last year.

THE CARROT OR CLEAN UP?

¶9. (SBU) Seven pork plants remained delisted since the January 27 letter (REFTEL B) for clerical errors in the certificates. Per the official letter from VPSS Head Dankvert, also received on April 10, five of these seven facilities will be relisted as of April 15, 2009. VPSS probably realizes that delistings for technical errors is unjustifiable, and the failure to relist these facilities would leave them vulnerable in the May bilateral discussions. However, it is highly unusual to receive notification of relistings from VPSS Head Sergey Dankvert. It is possible that VPSS is attempting to signal that the U.S. meat and poultry industry's acquiescence to further inspections and discussions scheduled for May is viewed by the Russians as a step in the right direction. At the same time, VPSS is clearly signaling its disdain for the NPCC initiative to slow down Russia's WTO accession until it abides by international norms and standards in meat trade.

BEYRLE